

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-09 IO-10 ISO-00 NSCE-00

AF-06 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-01 INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06

PRS-01 SP-02 OMB-01 FEA-01 /125 W

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R 142008Z FEB 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 731

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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AMEMBASSY LONDON

AMEMBASSY LUXENBOURG

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

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AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

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PASS WHITE HOUSE FOR SEIDMAN FROM WOLFF

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E.O. 11652: NA

TAGS: ETRD GATT

SUBJ: MTN: TRADE NEGOTIATIONS COMMITTEE MEETING, FEB 11-13,  
COUNTRY PERSPECTIVES

1. SUMMARY. THE TRADE NEGOTIATIONS COMMITTEE (TNC) DEVOTED THE AFTERNOON OF FEB 11 AND ALL OF FEB 12 TO STATEMENTS BY ALL LEADING PARTICIPANTS AND A NUMBER OF OTHER DELEGATIONS, OF THEIR INITIAL POSITIONS IN THE MULTILATERAL TRADE NEGOTIATIONS. THESE STATEMENTS GENERALLY COUPLED RECOMMITMENT TO THE PRINCIPLES OF THE TOKYO DECLARATION WITH RECOMMENDATION THAT CON- CRETE NEGOTIATIONS BEGIN IMMEDIATELY. WHILE THE CHANGED INTERNATIONAL ECONOMIC SITUATION WAS WIDELY NOTED, THE SPEAKERS CONCLUDED THAT THE CHANGES REN- DERED THE MULTILATERAL TRADE NEGOTIATIONS MORE NECESSARY THAN EVER. STATEMENTS REVEALED NOTHING SURPRISING REGARDING SPECIFIC COUNTRY POSITIONS. END SUMMARY.

2. GATT DIRECTOR-GENERAL LONG STATED THAT, ALL THE NECESSARY CONDITIONS I.E. PASSAGE OF US TRADE ACT) HAVING BEEN MET, THE NEGOTIATIONS COULD NOW BE EFFECTIVELY ENGAGED. HE PROPOSED THAT THE TNC FIRST HEAR STATEMENTS REGARDING THE INTIAL POSITIONS OF GOVERN- MENTS ON THE MTN, THEN, IN THE LIGHT OF THESE, AGREE ON ISSUES TO BE TAKEN UP INITIALLY IN THE NEGOTIATIONS AND THE PROCEDURES FOR NEGOTIATIONS ON THESE ISSUES.

3. CANADA (GREY) SAID THAT HIS COUNTRY HAD A SPECIAL STAKE IN THE NEGOTIATIONS BECASUE OF ITS HIGH DEGREE OF TRADE DEPENDENCY. CANADA THOUGHT THAT THE "HYPOTHESIS" DEVELOPED FOR TARIFF CUTTING SHOULD COVER ALL ASPECTS OF INTERNATIONAL TRADE. THIS "HYPOTHESIS" MIGHT HAVE TO BE MORE COMPLICATED THAN THE KR LINEAR FORMULA, PERHAPS "WEIGHTING" TARIFF REDUCTIONS ACCORDING TO THEIR PRODUCT COVERAGE. THE NEGOTIATIONS SHOULD ALSO TAKE UP MEASURES THAT CONDITION THE VALIDITY OF TARIFF REDUCTIONS, SUCH AS SAFEGUARDS, BALANCE OF PAYMENTS MEASURES, COUNTERVAILING, ANTIDUMPING, AND SUCH NTB'S AS STANDARDS AND GOVERNMENT PROCUREMENT. SECTOR NEGOTIATIONS WOULD PERMIT GREATER LIBERALIZATION ON SOME LIMITED OFFICIAL USE

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PRODUCTS THAN ACROSS-THE-BOARD NEGOTIATIONS ON TARIFFS AND NTB'S. CANADA FELT IT NOW BEST TO BEGIN AT ONCE DISCUSSIN SEVERAL INDIVIDUAL SECTORS. CANADA WOULD BE PREPARED TO SUGGEST SOME SECTORS, STATING THEIR PRODUCT COVERAGE AND HYPOTHESES FOR SECTOR LIBERALIZATION WHICH WOULD GO FURTHER THAN ANY OVERALL HYPOTHESES. SECTOR DISCUSSIONS WOULD ALSO PROVIDE AN APPROPRIATE PLACE TO DISCUSS ANXIETIES REGARDING SECURITY OF ACCESS

TO SUPPLIES, ON A COMMODITY-BY-COMMODITY BASIS,  
GREY SAID THAT CANADA WAS ALSO INTERESTED IN AGRICULTURAL  
NEGOTIATIONS. RECENT YEARS HAD DEMONSTRATED THE INADEQUACY  
OF THE EXISTING RULES ON IMPORTS AND EXPORTS;  
THE NEGOTIATIONS SHOULD LEAD TO A MORE RATIONAL, EFFICIENT  
WORLD AGRICULTURE.

4. JAPAN (TSURUMI) SAID THE WORSENING ECONOMIC CON-  
DITIONS AND THE DANGER THEY POSE OF PROTECTIONISM WERE  
REASONS FOR A MAJOR EFFORT TO LIBERALIZE TRADE. JAPAN,  
AS OUTLINED IN A CABINET DECISION, WOULD SEEK MAXIMUM  
TARIFF REDUCTION. IT WAS NOT WEDDED TO ANY ONE TARIFF  
CUTTING FORMULA, BUT THOUGHT SUCH A FORMULA SHOULD BE  
SIMPLE AND OF GENERAL APPLICABILITY. THE AIM SHOULD  
BE TO AGREE ON THIS FORMULA PRIOR TO THE SUMMER RECESS.  
JAPAN PROPOSED THAT WORK BEGIN ON NTB'S SUCH AS CUSTOMS  
VALUATION, COUNTERVAILING, ANTIDUMPING, STANDARDS AND  
MARKS OF ORIGIN, AND DISCRIMINATORY QR'S, WHERE WORK  
HAS ALREADY BEGUN. JAPAN REGARDS THE SECTOR APPROACH  
AS COMPLEMENTARY, AND SHOULD BE CONSIDERED IN THE LIGHT  
OF PROGRESS IN MAJOR AREAS OF THE NEGOTIATIONS. JAPAN  
AGREED THAT SAFEGUARDS ARE A MAJOR AREA FOR WORK. BEARING  
THE OBJECTIVE OF TRADE LIBERALIZATION IN MIND, SUCH  
IDEAS AS TIME LIMITS FOR, DEGRESSIVITY OF, AND INTER-  
NATIONAL SURVEILLANCE OF SAFEGUARD MEASURES MIGHT BE  
KEYS TO REVISION OF EXISTING PROCEDURES.

5. A U.S. (MALMGREN) OPENED STATEMENT (POUCHED, SUMMARIZED  
IN USINFO GENEVA 857) BY QUOTING PRESIDENT  
FORD'S RECENT STATEMENT THAT THE WORLD TRADE AND MONETARY  
STRUCTURE IS IN JEOPARDY AND OPPOSING ECONOMIC ISOLATIONISM,  
NOTING CURRENT ECONOMIC DISTRESS IS TEMPORARY, BUT MTN'S  
WILL RESULT IN CHANGES IN THE WORLD TRADING SYSTEM THAT  
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WILL LAST FOR DECADES.

B. WHILE US TRADE ACT GRANTS 5-YEAR NEGOTIATING PROCESS  
IN WHICH AGREEMENTS ON SPECIFIC SUBJECTS WOULD BE REACHED  
AS SOON AS POSSIBLE, AS READY.

C. ONE OF THE MOST IMPORTANT DIRECTIVES IN THE  
US TRADE ACT IS TO SEEK LIBERALIZATION OF AGRICULTURAL  
TRADE IN CONJUNCTION WITH LIBERALIZING INDUSTRIAL  
TRADE.

D. US AGREES THERE SHOULD BE GENERAL TARIFF  
REDUCTION FORMULA COVERING ALL PRODUCTS WITH AS FEW  
EXCEPTIONS AS POSSIBLE. A LINEAR REDUCTION WOULD BE  
SIMPLEST. AIM SHOULD BE TO AGREE ON A FORMULA BY JULY  
OR THEREABOUTS.

E. IMPORTANT, THE US CONTINUED, TO CHOOSE A  
FEW NTB'S TO BEGIN WITH--PRODUCT STANDARDS, SUBSIDIES,

AND GOVERNMENT PROCUREMENT.

F. OTHER SUBJECTS RAISED INCLUDED IMPROVEMENT IN  
THE INTERNATIONAL TRADING SYSTEM, INCLUDING SAFEGUARDS,  
SUPPLY ACCESS, AND FURTHER REFORMS.

G. US URGED NEGOTIATIONS BEGIN NOW, AND EARLY  
RESULTS ACHIEVED, WITH A NEED FOR REVIEW OF SPECIFIC  
AGRICULTURAL AND INDUSTRIAL PRODUCTS IN SUMMER, TO  
CONSIDER THWT MODIFICATIONS OF GENERAL TARIFF AND NTB  
RULES WOULD BE NECESSARY TO FIT INDIVIDUAL CASES.

6. EC (LUYTEN) NOTED CHANGED INTERNATIONAL TRADE PROBLEMS  
(E.G. ACCESS TO SUPPLIES). ON SPECIFICS:

A. EC REP REPEATED FAMILIAR COMMUNITY POSITION  
THAT TARIFFS SHOULD BE BOTH REDUCED AND HARMONIZED--  
OBJECTIVES OF EQUAL WEIGHT. SIMPLE FORMULA SHOULD BE

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DEVELOPED WHICH WOULD CUT HIGH TARIFFS MORE THAN LOW,  
REDUCING TARIFFS TO A MAXIMUM 20 PER CENT, BUT NOT  
CURRING TARIFFS BELOW A CERTAIN LEVEL, EXCEPT IN  
EXCEPTIONAL CASES. THIS FORMULA COULD NOT BE APPLIED  
TO AGRICULTURAL PRODUCTS IF ONLY BECAUSE THE FORMS  
OF AGRICULTURAL PROTECTION VARY SO MUCH.

B. ON NTB'S, EACH COUNTRY SHOULD IN DUE TIME  
STATE ITS PRIORITY OBJECTIVES, MENTIONING COUNTERVAILING  
DUTIES AND STANDARDS, AND THOSE OF ITS OWN BARRIERS IT  
IS WILLING TO ELIMINATE. IN A FEW MONTHS PROGRESS  
SHOULD BE REVIEWED. THE SECTOR APPROACH SHOULD BE  
TAKEN UP AFTER PROGRESS IS MADE ELSEWHERE IN THE MTN'S.

C. AS FOR SAFEGUARDS, THE COMMUNITY, WHILE ATTACHED  
TO GATT ART. XIX, AGREES THAT ITS MODALITIES COULD BE  
IMPROVED TO PROVIDE GREATER FLEXIBILITY AND GREATER SU-  
VEILLANCE OF NATIONAL ACTIONS.

D. THE SPECIAL CHARACTERISTICS OF AGRICULTURE  
HAVE BEEN DEMONSTRATED BY RECENT HISTORY. IT WAS  
IMPORTANT TO CREAT CONDITIONS OF MORE SECURE SUPPLY  
WHILE RESPECTING DOMESTIC AGRICULTURAL POLICIES. TO  
THIS END, NATIONS DHOULD A) ENGATE IN SYSTEMATIC AND  
REGULAR EXCHANGES OF INFORMATION; B) NEGOTIATTE INTERNATIONAL  
AGREEMENTS ON MAIN PRODUCTS--GRANS, RICE,  
SUGAR, DAIRY PRODUCTS--WHICH SHOULD INCLUDE CONCERTED  
STOCKPILE POLICIES AND HAVE PRICE PROVISIONS WHICH  
WOULD TRIGGER STOCKING AND DESTOCKING; C) AGREE TO  
"CONCERTED DISCIPLINES" ON SOME OTHER PRODUCTS; AND  
D) FINALLY, FOR A REMAINING GROUP OF PRODUCTS, TARIFF  
REDUCTIONS COULD PLAY A ROLE.

E. GATT RULES ON IMPORT RESTRICTIONS SHOULD BE  
APPLIED TO EXPORT RESTRICTIONS, AND THE POSSIBILITY F  
COMMON RULES OF GOOD CONDUCT ON SUPPLY ACCESS, COUPLED  
WITH CONSULTATION, SHOULD BE EXPLORED.

F. EC REP NOTED THAT THE EC HAD A CLEAR-CUT POSITION ON THE ORGANIZATION OF THE NEGOTIATIONS, WHICH HAD BEEN STATED TO THE TNC IN FEB 1974.

7. AUSTRALIA (WARWICK-SMITH) STRESSED THAT FOR AUSTRALIA VALUE OF NEGOTIATIONS WOULD DEPND ON THE ATTENTION GIVEN AGRUCULTURAL TRADE. AIM SHOULD BE TO APPLY THE PRINCIPLE OF COMPARATIVE ADVANTAGE TO AGRICULTURAL AS IT WAS TO LIMITED OFFICIAL USE

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INDUSTRAL TRADE. TRADE LIBERALIZATION SHOULD COVER AGRICULTURAL AS WELL AS INDUSTRIAL TARIFFS, WHILE ALLOWING SOME FLEXIBILITY. IT NOTED THT FOR THE MOMENT AUSTRALIA WAS PARTICIPTAINT IN DISCUSSIONS ON INTER-NATIONAL GRAIN RESERVES (WHICH MUST AVOID THE DANGER OF DEPRESSING PRICES). AUSTRALIA HAD NO DIFFICULTY WITH NOEGITATING ON GRAINS UNDER THE AEGIS OF THE INTER-NATIONAL WHEAT COUNCIL, WITH A POSSIBLE "LINK BACK" TO THE MTN'S. OTHER ASPECTS OF AGRICULTURE WOULD BE NEGOTIATED IN THE MTN'S.

8. NEW ZEALAND EMPHASIZED THE DESIRABILITY OF A SECTORAL OR, IN MANY CASES, COMMODITY-BY-COMMODITY APPROACH TO THE NEGOTIATIONS. NEW ZEALAND WISHES TO INTRODUCE INTO THE GATT COMMITMENTS ON AGRICULTURAL TRADE EQUKVALENT TO THOSE ON INDUSTRIAL TREAD. BUT IT WOULD BE DIFFICULT TO VIEW ALL AGRICULTURE AS AN APPROPRIATE NEGOTIATING SECTOR. FOR THE MOMENT, WORK SHOULD CONCENTRATE ON CERTAIN COMMODITIES--MEAT AND DARIY PRODUCTS, IN THE NEW ZEALAND VIEW.

9. LDC'S STATEMENTS WERE LARGELY VARIATIONS ON HTE THEME THAT SPECIAL ATTENTION SHOULD BE GIVEN TO THEIR NEEDS. BRAZIL SUGGESTED DIFFERENT TARIFF BINGINDS FOR LDC'S AND DEEPER AND MRE RAPID RECUCTION IN TARIFFS ON LDC PRODUCTS; ON THE OTHER HAND, LDC'S, IN BRAZIL'S VIEW, COULD ONLY BE EXPECKTED TO MAEK SELCTIVE ITEM-BY-ITEM CUTS. MEXICO SAID THAT ANY TARIFF REDUCTION TECHNIQUE SHOULD BE SCRUTINIZED IN ADVANCE TO DETERMINE AND LIMIT THE EFFECT ON GSP. COMPENSATION FOR THE EORSION OF GSP SHOULD ALSO BE CONSIDERED. LDC PRODUCTS NOT IN THE GSP SHOULD BE CONSIDERED FOR DEEPER OR MORE ACCELERATED REDUCTIONS; IN THE OTHER HAND, MFN TARIFF REDUCTIONS ON GSP ITEMS SHOULD BE IMPLEMENTED MORE SLOWLY. ANY TARIFF REDUCTION TECHNIQUE SHOULD APPLY TO ALL CHAPTERS OF THE BTN. LDC PRIORITY LISTS FOR NTB WORK GENERALLY INCLUDED THE FOLLOWING PRIORITIES: QUANTITATIVE RESTRICTIONS, CUSTOMS VALUTATION, STANDARDS, HEALTH AND SANITARY REGULATIONS, EXPOER SUBSIDIES AND COUNTERVAILING DUTIES. LDC'S URGED

SAFEGUARDS NOT BE APPLIED TO LDC PRODUCTS.DALE  
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## Message Attributes

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